Inherent.Com v. Martindale-Hubbell et al Doc. 15

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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

INHERENT.COM aka INHERENT, INC., Plaintiff, vs. MARTINDALE-HUBBELL, LEXIS/NEXIS INC. and Does 1 through 200 inclusive, Defendants,	Docket No. C 3:05-cv-03515 MHP FIRST AMENDED COMPLAINT FOR 1. DECLARATORY RELIEF 2. BREACH OF CONTRACT 3. FRAUD 4. INTENTIONAL INTERFERENCE WITH PROSPECTIVE BUSINESS ADVANTAGE 5. NEGLIGENT INTERFERENCE WITH PROSPECTIVE BUSINESS ADVANTAGE

Plaintiff INHERENT, INC. states upon information and belief, as follows:

INTRODUCTION, JURISDICTION AND AMOUNT IN CONTROVERSY

INTRODUCTION

1. Plaintiff INHERENT.COM aka INHERENT, INC. (hereinafter INHERENT, INC.), is a corporation with its principal place of business in California, and conducting substantial business in San Francisco, California, which is in the business of making web sites for law firms.

2. Defendant LEXISNEXIS is the parent company of MARTINDALE-HUBBELL which entered into an agreement with Inherent, Inc., to purchase Inherent, Inc.,

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for a total sum of $780,000.00 plus hiring key employees under contracts which offered long-term employment to the employees. LEXISNEXIS performs substantial business in California, and is licensed to practice business therein.

3. The true names and capacities, whether individual, corporate, associate, or otherwise of Defendants does 1 through 200, inclusive, are unknown to Plaintiff who therefore sues said Defendants by such fictitious names. Upon their discovery, Plaintiff will amend his complaint to show their names and capacities.

4. At all times herein mentioned, each of the Defendants named as Doe was, and still is, legally responsible in some manner for the events and happenings herein referred to, and proximately caused all injuries and damages to Plaintiff as alleged.

5. At all times herein mentioned, Defendants and each of them, were the agents servants or employees of each other and were acting within the course and scope of their agency and employment.

6. A contract was entered into whereby Inherent, Inc., would be purchased by LEXISNEXIS/MARTINDALE-HUBBELL for the sum of $780,000.00.

7. The terms of the contract were that a due diligence period would take place, after which all contingencies would be removed and the contract would be confirmed.

8. Pursuant to the attached chronology, set forth in the letter drafted to LEXISNEXIS/MARTINDALE-HUBBELL and written by the Law Firm of Patrick E. Catalano, attached hereto as Exhibit A, the contingencies were removed on June 16, 2005. After removing these contingencies, LEXISNEXIS/MARTINDALE-HUBBELL sent nine employees to Portland, Oregon, the then principle place of business for Inherent, Inc., to look through the financial records, client contracts, programming source code, network operations, and all other relevant information.

9. LEXISNEXIS/MARTINDALE-HUBBELL states that no firm contract existed, while Inherent, Inc. takes the position that a binding contract was entered into, which was breached by LEXISNEXIS/MARTINDALE-HUBBELL.

WHEREFORE total damages are prayed as follows:

JURISDICTION AND AMOUNT IN CONTROVERSY

10. A federal district court has original jurisdiction over diversity cases and cases arising under federal law. 28 U.S.C. Sections 1331, 1332. Here, diversity is at issue, and federal question is relevant.

11. This Court has jurisdiction over this matter since a diversity of citizenship exists.

12. The amount in controversy exceeds $75,000 involved pursuant to 28 U.S.C. Section 1332.

FIRST CAUSE OF ACTION
DECLARATORY RELIEF

13. Plaintiffs incorporate all of the above paragraphs as fully set forth herein.

14. Inherent, Inc., asks the Court to determine that a contract is in existence between Inherent, Inc., and LEXISNEXIS/MARTINDALE-HUBBELL, which was breached by Defendant's non-performance under the contract, causing damages to Plaintiff.

WHEREFORE total damages are prayed as follows:

SECOND CAUSE OF ACTION
BREACH OF CONTRACT

15. Plaintiffs incorporate all of the above paragraphs as fully set forth herein.

16. LEXISNEXIS/MARTINDALE-HUBBELL breached its contract with Inherent, Inc., thereby causing serious damage as it demanded that Inherent, Inc. suspend all sales efforts and the billing of existing clients in anticipation of LEXISNEXIS/MARTINDALE-HUBBELL taking over Inherent, Inc. This

caused substantial damage to Inherent, Inc. in view of the fact that LEXISNEXIS/MARTINDALE-HUBBELL breached it contract by not fulfilling its duties under the contract between the parties.

WHEREFORE total damages are prayed as follows:

THIRD CAUSE OF ACTION
FRAUD

17. Plaintiffs incorporate all of the above paragraphs as fully set forth herein.

18. Plaintiffs are informed and believe that Defendants entered into the contract in bad faith for the purpose of finding out Plaintiff's trade secrets. This allowed Defendants to utilize this trade secret information to obtain an unfair competitive advantage in their own business of creating web sites for law firms throughout the United States. Defendant's never intended to purchase Inherent, Inc., but only had the intent to obtain the trade secrets of Plaintiff, and then utilize them in their own business.

19. As the proximate result of the aforementioned actions of Defendants Plaintiff suffered damages.

WHEREFORE total damages are prayed as follows:

FOURTH CAUSE OF ACTION
INTENTIONAL INTERFERENCE WITH PROSPECTIVE BUSINESS ADVANTAGE

20. Plaintiffs incorporate all of the above paragraphs as fully set forth herein.

21. Defendants intentionally acted to impair the business of Plaintiff.

22. Defendants specifically requested that Plaintiff refrain from sales, as well as collecting money from existing clients. Defendants had full knowledge that Inherent, Inc. had existing clients, and/or the names of these existing clients.

23. By way of Defendants request to Plaintiff to refrain from business with its existing clients for no legitimate purpose, Plaintiff suffered damages in the hundreds of thousands of dollars.

WHEREFORE total damages are prayed as follows:

FIFTH CAUSE OF ACTION
NEGLIGENT INTERFERENCE WITH PROSPECTIVE BUSINESS ADVANTAGE

24. Plaintiffs incorporate all of the above paragraphs as fully set forth herein.

25. Defendants were fully aware that Plaintiff was in the business of selling website, as well as collecting revenues from existing clients, in order to stay in business.

26. Defendants acted recklessly and/or negligently by causing Plaintiff to refrain from its ordinary business relations during its discussions with Plaintiff to acquire the business. As a proximate cause of the negligence and/or recklessness of Defendants, Plaintiff suffered damages in the hundreds of thousands of dollars.

WHEREFORE Plaintiff prays as follows:

1. For a declaration that a binding contract exists.
2. For actual damages.
3. For consequential damages.
4. For special damages.
5. For attorney's fees and costs.
6. For such other further relief as deemed appropriate.

Dated:

/S/

PATRICK E. CATALANO
Attorney for Plaintiff